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2/1/2011
SB 226

Protect Clean Energy Jobs - Oppose SB 226

- **SB 226 kills jobs and hurts Montana's economy.** There are more than 40 small-scale renewable energy dealers and installers across Montana, and the majority of the energy systems they install are net metered with the utility. This bill cripples net metering, undermines a thriving and important industry, and threatens the livelihood of Montana's small-scale renewable energy installers.
- **SB 226 reverses good energy policy.** This bill sets two separate rates for net metered customers: a lower rate for power received by the utility from the customer's renewable energy system, and a higher rate for power purchased by the customer. That's unfair to net metered customers and it undermines the very idea of net metering, which is to charge customers only for their net energy purchases after subtracting out their energy production (see box).
- **SB 226 undermines Montana energy independence.** Small-scale renewable energy systems take advantage of clean, unlimited energy sources; cushion consumers from the dangers of volatile fossil fuel prices; and help to avoid the need for costly upgrades to the transmission grid. SB 226 would prevent Montanans from realizing these benefits.
- **SB 226 discourages private investment in renewable energy.** By slashing the cost-effectiveness of net metered systems, SB 226 would discourage families and companies from investing in renewable energy. State policy should encourage investment in renewable energy, not discourage it.
- **SB 226 unfairly raises costs for net metered customers.** If SB 226 passes, monthly power bills will rise 33 percent for a typical net metered customer.
- **SB 226 opens the door to costly litigation.** The bill would apply to net metered systems "entered into or modified" after the bill's passage. This leaves open the possibility that the utility could "modify" existing net metering agreements and begin charging all users the higher rates. Since existing net meters won't work with the new system, customers may also be forced to buy new electric meters. It's unfair to penalize families and businesses that have made good-faith investments based on the existing net metering arrangement. These sorts of contract changes could lead to costly litigation.

Net Metering Explained

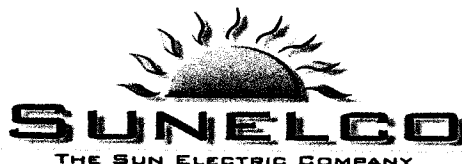
Montana law requires NorthWestern Energy to provide "net metering" for customers who install renewable energy systems such as solar panels and small wind turbines. Under net metering, the energy from the customer's system first powers their own home or business. When the system produces more than the customer uses, the excess flows out onto the electric grid and the customer's meter spins backwards, thereby reducing their electric bills. Customers who produce as much energy as they use can zero out their electric bills.

Net metering is the single most important incentive for consumer investment in renewables, as it enables system owners to reap the full value of their energy production.

There are approximately 800 net metered systems in Montana, and more than 40 companies across the state in the business of selling and installing these systems.

For more information, contact Diana Maneta, Montana Renewable Energy Association
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1/31/2011

Honorable Senate Energy and Telecommunications Committee Member,

Renewable Energy Production has been receiving a lot of attention in the news media and in state houses and capitals around the country lately. The federal government has offered significant tax breaks to families who invest in solar and wind systems and most people in America realize that only by developing our renewable energy resources will we be able to break our addiction to imported fuel.

In the past people have shied away from purchasing renewable energy systems because they felt the price was too high. Now with the price of solar electric modules at approximately half of what they were three years ago and solar and wind systems being more efficient, safer and simpler than ever before, Montana solar dealers are finally seeing serious interest in private investment in renewable energy. The introduction of SB226 threatens to undo years success on the part of solar companies, manufacturers and utilities who have worked so hard to bring these systems to Montana businesses and homeowners at affordable prices. SB 226 proposes to add undue and unnecessary regulations that serve to increase the cost to the business or homeowner purchasing a renewable energy system, making them less cost effective. Legislation requiring the installation of an additional production meter will add significantly to the overall cost of the system and consequently its pay-back time; thus negating the pricing advances we have achieved over the last few years.

In addition, by lowering the price the utilities pay the homeowner or business for their renewable power we make it less likely that new installations will be forthcoming. Many countries, states and provinces have mandated Feed-In Tariffs which require the electric companies to pay significantly more for the renewable power generated by homeowners and business than they charge for the power these folks purchase. SB 226 is a backward-thinking bill that goes counter to everything we, as an industry, know is going to bring renewable energy to the forefront of American consciousness.

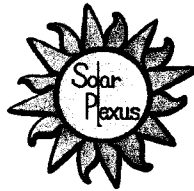
Whether we are talking about big wind farms or a farm family's small generator, a residential solar installation or a large solar farm we need legislation that removes, not throws in more stumbling blocks to the growth of this industry. Most of the systems that will be affected by this legislation are small residential systems that would seldom run any significant energy back into the electrical grid. These systems are paid for by Montanans, installed on Montana properties and installed by Montana businesses and technicians. Let's not forget that there are over 40 renewable energy companies in Montana that rely on the continued growth of this industry to keep their doors open. These companies create new jobs for Montana's young people and help Montanans stay abreast of twenty-first century technology.

Let's defeat SB 226 on the grounds that it is a bad bill, a backward bill and one that threatens to subject power companies to extensive litigation by existing net metered customers if it is passed.

Respectfully,

Tom Bishop

Tom Bishop, President
Sunelco, Inc.



SOLAR PLEXUS, LLC

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Senate Energy and Telecommunications Committee

Re: SB 226

Chairman, members of the committee, we oppose this bill

Several studies have shown that the greatest number of new and sustainable jobs are created in the Renewable Energy Sector, particularly in Solar Electric. These jobs are the kind that sustain communities by employing well trained individuals. People who feel good about what they are doing and make a decent living so they remain in the community, raise their families there and help train a new generation in a sustainable technology. Unlike the fossil fuel industries and even wind, which tend to have a boom/bust nature, solar is permanent work that can't be outsourced and will always find new customers.

SB 226 amounts to an additional subsidy for the utility. When a net metered system generates more power than the customer consumes the electricity is delivered to the utility and the utility delivers it to the nearest consumer. That consumer is then billed for the transmission costs as well as the energy. These transmission costs are extremely inflated because the calculation for transmission assumes that the power is being supplied from an energy producer hundreds of miles away, not the next door neighbor.

Net metering is a vital part of the long standing program (both nationally and statewide) to encourage Solar energy development. Utilities across the nation support these net-metering programs and often have better incentives than those in Montana. The proposed changes will amount to an accounting nightmare. There have been multiple issues over crediting the customer generator since net metering began. Most of these have been corrected, however there is still no kilowatt-hour credit on the bill that lets the customer generator know how much credit they actually have accumulated.

Net metering is a win/win for everyone. The utility gets to save in transmission costs and gets a fresh coat of green paint on their not always so green image. The solar client gets to be a trail blazer in the effort to get our nation off of foreign oil and gets to account for every watt of clean energy made. Net metering as Montana does it has been used nationwide for decades and there can be no looking back into the dark ages of resentment, bowing to corporate lobbyists, and punishing innovation. Montana would do well to provide further incentives for solar installation statewide as this opens up new venues for education, innovation and opportunity of all sorts. We should be discussing tax credits, feed in tariffs, loan programs, and training programs for green energy rather than trying to find any way we can to kill the technology.

Solar Plexus LLC

January 31, 2011

Dear Senate Energy and Telecommunications Committee,

Thank you so much for taking my testimony about SB 226. My husband and I live in Bozeman in a house that we built ourselves. We focused on lots of insulation and passive solar orientation to make it as energy efficient as possible. We heat our house almost exclusively with wood. When we built our home we also invested in a photovoltaic solar array that produces over 1/2 of our energy (more during the summer months). We are on a net metered system. We pay very little for our electricity. We made this investment in solar panels because it was a fiscally responsible thing for our family to do. We are committed to being in this house, reducing our energy consumption, and most importantly, we are committed to keeping our monthly bills small. Having a solar system has allowed us to do this.

SB 226 is a very disturbing bill and we strongly urge you to stop it before it goes any further. It would dramatically reduce the cost-effectiveness of net metered systems such as ours. It has been estimated that this bill would increase our power bills by about 33%, which is horrible and unfair. This bill would also kill jobs and hurt Montana's economy, which has over 40 renewable energy dealers and installers. It also reverses good energy policy, and totally guts our states, and its citizens, attempts for energy independence. Why should be reliant on out of state energy when we can produce it right here on our own houses and businesses?

Thank you for taking the time to review my comments. We are strongly opposed to this bill.

Sincerely,

Deborah and Gray Davidson
12895 Kelly Canyon Road
Bozeman, MT 59715

Dr. Will D. Swearingen
502 South 6th Avenue
Bozeman, MT 59715

January 31, 2011

Montana Legislature
Senate Energy and Telecommunications Committee
RE: Senate Bill 226

Dear Chairman Olson, Vice Chair Jackson, and Committee Members:

I am writing to urge you to vote NO on SB 226, which would cripple the renewable energy industry in Montana, eliminate many high-paying jobs, and reverse the growth of a highly promising industry. SB 226 would benefit no one except the electric utilities. Passing this bill would be a capricious and arbitrary abuse of legislative authority.

This bill would revise the current net-metering system that governs "customer-generators" who own small renewable energy systems such as solar panels and small wind turbines. It would establish an unfair two-tier system in which the electric utility company would pay lower rates for electricity supplied by customer-generators than customer-generators pay for electricity generated by the utility company. This inequitable arrangement would discourage the purchase and installation of renewable energy systems in Montana.

The reality is that the electricity produced by customer-generators *benefits* utilities, since small renewable energy systems feed power into the grid throughout the utility's distribution area and therefore *reduce transmission and distribution costs*. These dispersed producers of renewable electricity actually *reduce the need for expensive new transmission lines and electric generation facilities and provide stability to the grid*.

Individuals, businesses, schools, and other non-profit organizations have sunk large investments into renewable energy systems under the existing laws governing net-metering. Senate Bill 226 drastically and arbitrarily changes this arrangement, severely decreasing the economic benefit of their investments. Not only is this unfair, but it represents a form of "takings" that could justifiably lead to litigation.

SB 226 is an attack on personal freedom; individuals should have the right to use a small energy system without being unfairly disadvantaged by their utility. As rate payers, customer-generators have helped pay for the electric distribution system over many years. They should have the right to generate and feed surplus electricity into the system without being penalized by the utility.

The current net-metering system is fair to both the utilities and customer-generators. The proposed provisions of SB 226 are not. This bill favors the interests of energy monopolies over the interests of small renewable-energy businesses, utility customers, and owners of small renewable energy systems. I urge you to kill SB 226.

Sincerely,


Dr. Will Swearingen

January 30, 2011

Senate Energy and Telecommunications Committee

We are writing to oppose passage of Senate Bill 226. There is no point in going over all of the arguments in favor of net metering. You are already familiar with them. They are so persuasive that only four of the 50 states do not now have laws that allow for it, in many cases with capacity limits much higher than ours.

SB226 will not kill net metering in Montana, but it will cripple it. Differential pricing of electricity rates for net metered customers, and the consequent increase in their monthly utility bills, will provide a powerful disincentive for anyone thinking of installing a small wind or solar device to off-set, in some cases to meet, their own power needs. At the very least this is counter-productive if not also inconsistent when it is our announced policy, at both state and federal levels, to increase the supply of clean and renewable energy.

Apparently, the only economic argument against same-rate pricing of electricity to net metered customers is that they enjoy a kind of "subsidy," not having to pay for the cost of maintaining and up-grading the grid. But such a "subsidy" to one group of rate-payers at the expense of another has existed from the beginning. People who consume their electricity off-peak "subsidize" people who consume theirs on-peak. People who live in old homes "subsidize" those who live in new homes, for which additional, more costly, generation must be installed. And so on.

As it is, there are only approximately 800 net-metered systems in Montana. The loss of revenue to utilities, or the supposed "subsidy" that one class of rate-payers enjoys at the expense of another, is small. The real value of net metering in the state is symbolic. What does it symbolize? Very simply, it symbolizes the traditional Western value of personal independence, in this case producing your own power for your own needs. In the nature of the case, few people are able to be completely independent and go off-grid. But their efforts to exercise their independence as completely as they can should be encouraged, not dampened.

Almost all of our electricity comes from the local co-op. We are not net-metered. But we applaud those people who have gone ahead and installed their own small generating systems.

Vanessa and Gordon Brittan
Box 1360
Livingston, MT 59047

February 1, 2011

RE: Opposition to SB 226

Dear Committee of Energy and Telecommunications,

Senate Bill 226 is not good for jobs or businesses, and penalizes those businesses and individuals who have invested in solar. This bill is anti-Republican, anti-Democrat, and anti-Montana. It is a step back for all of us and makes no sense.

In addition this bill:

- discourages investment in renewable energy. Discourages investment in our state.
- undermines steps towards Montana's energy independence. Production of local energy makes us more independent, less vulnerable, and saves Montanans money.

Do what's right for individual Montanans and our businesses.

Sincerely,

Kris Thomas
719 S 6th Avenue
Bozeman, MT 59715